

# Report No. 49 of the Director of Audit — Chapter 3

## ALLOCATION AND MANAGEMENT OF DISCIPLINED SERVICES QUARTERS

### Summary

1. It is the Government's policy to provide quarters for eligible civil servants as a type of housing benefits or for operational need. Disciplined services quarters (DSQs) are provided, subject to the availability of resources, for married officers of the rank and file, local married officers in the rank of inspectors and superintendents of the Hong Kong Police Force (HKPF) and comparable ranks in the Correctional Services Department (CSD), the Customs and Excise Department (C&ED), the Fire Services Department (FSD), the Government Flying Service (GFS), the Immigration Department (ImmD) and the Independent Commission Against Corruption (ICAC). The policy objective on the provision of DSQs is to maintain morale in these disciplined services (DS) departments which had, as at 1 April 2007, 21,892 DSQs.

#### Allocation of disciplined services quarters

2. *Allocation of DSQs two grades above the officers' salary grading.* The Audit Commission (Audit) noted that, without referring to the Government Property Agency (GPA) for approval: (a) in 2005-06 and 2006-07, the ImmD allocated eight DSQs which were two or three grades higher than the officers' salary grading and in premises jointly used by several DS departments; and (b) in 2006-07, the ICAC allocated two DSQs, purchased from the private market, which were two grades higher than the officers' salary grading. *Audit has recommended that the Director of Immigration and the Commissioner, Independent Commission Against Corruption should consult the GPA and seek its covering approval for the allocation of DSQs which are two or three grades higher than the officers' salary grading and in premises jointly used by several DS departments, leased or purchased from the private market.*

3. *Allocation of DSQs to officers with other housing benefits.* The Government's policy is that civil servants should not receive double housing benefits. In the DS departments, officers or their spouses in receipt of other housing benefits may apply for the allocation of DSQs. These officers and their spouses need to relinquish other housing benefits when DSQs are allocated to them. Audit noted that different practices were adopted by the DS departments in handling such applications. *Audit has recommended that*

*the Controlling Officers of the DS departments should ensure that: (a) all officers receive at any one time only one civil service housing benefit; and (b) officers and their spouses relinquish other housing benefits before moving into the DSQs, or require them to pay the market rent for the DSQs until they have relinquished other housing benefits.*

4. ***Checking of double housing benefits with the Housing Department.*** Audit noted that the CSD and the FSD had not made checks with the Housing Department on whether the successful applicants of DSQs and their spouses were receiving public housing benefits before allocating DSQs to them. *Audit has recommended that the Commissioner of Correctional Services and the Director of Fire Services should check with the Housing Department on whether the successful applicants of DSQs and their spouses are receiving public housing benefits before allocating DSQs to them.*

#### **Management of disciplined services quarters**

5. ***Vacant DSQs.*** As at 1 April 2007, 291 DSQs had remained vacant for more than 2 months, including 66 (23%) DSQs lasting for 12 months or more. *Audit has recommended that the Controlling Officers of the DS departments should ensure that vacant DSQs are put to other gainful uses or returned to the GPA for disposal if they have not been allocated after three quarters allocation exercises.*

6. ***DSQs under renovation, repair and decoration works.*** As at 1 April 2007: (a) 11 DSQs were withheld from allocation because of renovation and repair works; and (b) 94 DSQs were allocated but not occupied by officers for more than two months due to renovation, repair and decoration works. *Audit has recommended that the Controlling Officers of the DS departments should, in consultation with the Architectural Services Department and other works agents, closely monitor the progress of the renovation, repair and decoration works on DSQs so as to release them for allocation or occupation.*

7. ***Leased DSQs.*** As at 1 April 2007, 48 leased DSQs were held by the CSD, the C&ED, the FSD, the HKPF and the ImmD. The GPA, using the information provided by these DS departments, and assuming that the DSQs were de-leased upon retirement of the existing occupants, estimated that de-leasing of all leased DSQs could only be achieved in 2029-30. The total rental expenditure would amount to over \$100 million. *Audit has recommended that the Controlling Officers of the DS departments should examine the feasibility of directing officers who are residing in leased DSQs to move to government-owned surplus DSQs.*

8. ***Occupation of two DSQs by officers.*** Audit analysis of the changes of DSQs by officers in the DS departments in 2006-07 found that: (a) 244 officers did not return the old DSQs, within the grace period of seven days, when the new DSQs were ready for occupation; and (b) 61 (25%) out of the 244 officers had occupied two DSQs concurrently for more than 30 days. *Audit has recommended that the Controlling Officers of the DS departments should: (a) examine the feasibility of requiring the officers to pay the market rent for the old DSQs during the period when they are occupying two DSQs; and (b) implement effective measures to ensure that the officers concerned relinquish their old DSQs within a reasonable period of time.*

9. ***Live-in requirement and misuse of DSQs.*** According to the Civil Service Regulations, an officer in receipt of civil service housing benefit is required to personally live in the accommodation as his full-time residence. For the enforcement of the live-in requirement, the DS departments should carry out surprise visits on a random basis to accommodation and take follow-up action where appropriate. Audit noted that some DS departments did not carry out surprise visits to DSQs on a random basis. *Audit has recommended that the Controlling Officers of the DS departments should carry out surprise visits to DSQs on a random basis to ensure that officers comply with the live-in requirement and do not misuse DSQs.*

#### **Rent deductions for officers occupying disciplined services quarters**

10. ***Reconciliation of rent deductions for DSQs occupants.*** Audit noted that, except for the C&ED and the GFS, the other five DS departments had not performed the reconciliation of the total number of DSQs occupied and the total number of rent deductions shown in the Treasury's annual report on DSQs. Audit review of the DSQs records maintained by the DS departments and rent deductions for officers occupying DSQs shown in the Treasury's reports as at 31 May 2007 found that there were omission, errors and discrepancies in rent deductions or incorrect data relating to DSQs. *Audit has recommended that the Controlling Officers of the DS departments should: (a) reconcile the total number of DSQs occupied with the total number of rent deductions made by the Treasury and rectify any errors and discrepancies; and (b) ensure that the data in the DSQs records and the Treasury's annual reports on DSQs are complete and correct.*

11. ***Late submission of memos (GF140s) by the FSD to the Treasury.*** Audit noted that there was an undue delay in the submission of GF140s, which were required for updating rent deduction data of officers occupying DSQs, by the FSD to the Treasury. A total of 281 GF140s were submitted after 30 September 2006 for updating the data of officers as at 30 September 2006. It was found that 254 (90%) out of the 281 GF140s were submitted to the Treasury nine months after the occupants had moved into or moved out of the DSQs. *Audit has recommended that the Director of Fire Services should update the records of all DSQs occupants promptly through the submission of GF140s to the Treasury.*

12. *Updating of the departmental records for officers allocated with DSQs.* Audit found that, in the HKPF, the correct data of some officers allocated with DSQs had not been accurately input into its computer system and the central payroll database of the Treasury. *Audit has recommended that the Commissioner of Police should introduce measures to ensure that the correct data of officers allocated with DSQs are promptly and accurately input into the departmental records and the central payroll database of the Treasury.*

#### **Other quarters-related matters**

13. *Sheung Shui Disciplined Services Quarters (SSDSQs).* In January 2002, the SSDSQs were ready for occupation. There were 2 Grade B DSQs and 175 Grade D DSQs for inspectorate officers of the C&ED and the ImmD. In view of the low demand and as interim arrangements, the Security Bureau gave policy support to the C&ED and the ImmD for the allocation of Grade D DSQs in the SSDSQs to junior inspectorate officers with salary grading appropriate to Grade G DSQs, and senior officers of the rank and file with salary grading appropriate to Grade F DSQs. In November 2002, the Security Bureau allocated 44 surplus DSQs in the SSDSQs to the HKPF, the FSD, the CSD and the GFS. As at 31 May 2007: (a) 23 Grade D DSQs in the SSDSQs were allocated to inspectorate officers with salary grading appropriate to Grades F and G DSQs; and (b) 62 (35%) DSQs were allocated to officers of the rank and file with salary grading appropriate to Grades E and F DSQs. *Audit has recommended that the Secretary for Security and the Controlling Officers of the DS departments should: (a) before requesting new DSQs for inspectorate officers, critically assess the demand; (b) avoid allocating higher grade DSQs for inspectorate officers to junior inspectorate officers and officers of the rank and file; and (c) consider relocating junior inspectorate officers and officers of the rank and file residing in the SSDSQs to DSQs of appropriate grades.*

#### **Response from the Administration**

14. The Administration generally agrees with the audit recommendations.

November 2007